

Rhode Island Economic Development Corporation

Enterprise Zone Council

Minutes of Meeting of February 23, 2010

RIEDC: Providence Room

315 Iron Horse Way, Suite 101

Providence, RI 02908

In attendance:

COUNCIL AFFILIATION

M. Wood League of Cities and Towns

D. Varin Vice Chairman

D. Langley Urban League of Rhode Island

R. Caniglia Stand Corporation

OTHER AFFILIATION

V. Barros RIEDC

M. Godin NEEDS, Inc.

W. Clark Town of Portsmouth

C. Spencer Town of Tiverton

B. McKenna Office of Strategic Planning

J. Garrahy Moses & Afonso, LTD

L. Peterson Town of West Warwick

L. Diboni City of Cranston

P. Sherrill Pamela M. Sherrill Planning LLC

L. Riendeau Division of Taxation

K. Flynn RIEDC

R. Edger Providence Journal

At 10:08 Mr. Varin called the meeting the Rhode Island Enterprise Zone to order and announced that there was a quorum present.

The first order of business before the Council were Minutes from the November 24th Meeting.

Mr. Varin asked for a motion to approved the minutes with one correction: Mr. Varin's name being added to the list of those in attendance. Mr. Wood made a motion to approve the minutes as amended, the motion was seconded by Mr. Caniglia.

Mr. Varin asked if there was any further discussion of the motion. There being none all voted in favor, the motion was approved unanimously.

The next order of business before the Council was 2009 Recommendations for Membership.

Mr. Barros stated that the recommendations for membership represent companies who applied for membership after the November meeting and would have been approved at the December meeting if it had taken place. All of the businesses presented

completed applications prior to the year end and followed appropriate protocol in submitting their 2009 applications for membership. As a result, staff recommended approval of all seven (7) new member businesses bring the end-of-year total to sixty-three (63) new member businesses for calendar year 2009.

Mr. Varin asked for a motion to approve 2009 recommendations for membership. Mr. Langley made a motion which was seconded by Mr. Wood. Mr. Varin asked if there was any additional comments or questions.

There being no further discussion, all voted in favor and the motion was unanimously approved.

The next order of business before the Council was 2010 Recommendations for Membership.

Mr. Barros stated that the recommendations represent seven (7) businesses seeking membership for 2010, all of whom, completed applications which were reviewed and signed-off on by the appropriate local point of contact. In addition, all applications were reviewed by staff . As a result, staff recommended for approval of all seven (7) businesses, the first seven (7) new member business of 2010.

Mr. Varin asked for a motion to approve the 2010 recommendations

for membership. Mr. Langley made the motion which was seconded by Mr. Wood. Mr. Varin asked if there was any questions or comments.

Mr. Wood asked for a clarification of when a business can claim a zero benchmark.

Mr. Barros explained that most start-up businesses have the opportunity to establish a zero benchmark if the business is physically located in an EZ, applies for membership and establishes an employment benchmark date prior to the hiring of new employees. He added that only start-up or newly formed businesses or existing businesses moving into a zone from out of state can establish zero employment benchmarks.

Mr. Varin asked if there were any further discussion, there being none, all voted in favor and the motion was unanimously approved.

Mr. Crisman stated that Carbon Ocean Yachts was a start-up business that acquired much of the work that was being done at Eric Goetz, keeping that work in Rhode Island and employing over 20 people which is a major win for Rhode Island.

The next order of business before the Council was Recommendations of 2009 Certification.

Mr. Varin directed the Council's attention to a revised list that was distributed at the meeting. Mr. Barros stated that were three (3) businesses added to the previously mailed list. The businesses added to the list were marked in yellow highlighting and included: Janitech Industrial (Central Falls/ Cumberland), Chisholm, Chisholm and Kilpatrick (Providence II) and Piccerelli Gilstein (Providence II). All companies presented had met the requirements for 2009 year-end tax certification, and staff recommended approval of all eight (8) businesses resulting in twenty-seven (27) new full-time jobs created in 2009.

Mr. Varin asked for a motion to approve the revised 2009 recommendations for certification. Mr. Wood moved the motion which was seconded by Mr. Langley. There being no further discussion, all voted in favor and the motion was unanimously approved

The next order of business before the was a Review of the 2009 Year-End Certification Package.

Mr. Barros stated that this agenda item was a nonvoting item and meant as purely informational. He took the Council through the year-end certification process and reviewed the 2009 certification package that was mailed in early January 2010 to all registered EZ member businesses.

Mr. Wood asked whether there was the capability to send out the

year-end certification information electronically?

Mr. Barros stated that he does collect e-mail addresses for member businesses and will seriously examine the possibility of e-mailing the certification packages next year. He added that questions related to authorizing signatures would need to be properly addressed prior to embarking on the e-mailing options.

A general discussion ensued about how to further streamline the process and increase program efficiencies including use of the website and e-mail capabilities.

Mr. Langley asked how many businesses is the state losing? He added that the feedback he is getting is that the state is not business friendly.

Mr. Barros stated the EDC does try to stay in front of things as they relate to businesses leaving the state. He added that if the RIEDC is made aware or becomes aware of a business that is thinking of leaving, the EDC quickly assembles a team of professional to meet with the senior level management of the business to determine if there is anything that can be done to keep them in Rhode Island.

Mr. Barros addressed the issue of the state not being business friendly by saying that the work of the EDC and other governmental agencies like the Secretary of State Office continue toward the goal of

deducing regulations through regulatory reform and streamlined permitting which are at the center of issue of business friendly and pro-business.

Mr. Langley expressed his concern and disappointment in the high unemployment rate for the state as a whole and within the urban communities specifically.

A general discussion ensued about the dangers of the looming deficit and state of small business development in the our state.

Mr. Barros introduced Katherine Flynn, the director of business development for the RIEDC. Mrs. Flynn stated that a major focus of the RIEDC efforts are on small businesses within the state and the majority of the EDC's legislative focus will be on small business initiatives including a regulatory reform package and capital access program.

A general discussion ensued about the merits of the Governor's job creation tax credit program and its impact on distressed communities, workforce development and addressing the existing skills gap.

Mrs. Flynn invited Mr. Langley to continue this discussion outside the confines of the Council meeting at a time based on his convenience.

The next order of business before the Council was Review of the Year-End Membership and Certification Report.

Mr. Barros reviewed the Year-End Membership and Certification Report that was distributed with the package. He reviewed and explained the relevance of each individual chart including New Member Business by year (2006-2009), 2009 New Member Business by Zone, Certified Businesses by year (2005-2008), 2008 Certified Business by Zone, New Jobs Created by year (2005-2008), 2008 New Jobs Created by zone and 2008 Average Wage of New Jobs by zone.

Mr. Barros stated that, in his opinion, the EZ program membership efforts are designed to focus on identifying and enrolling companies that are poised to grow.

Mr. Caniglia asked how the 'poised to grow' concept impacts companies that may be static in the employment.

Mr. Barros stated that it does not adversely impact those businesses because they are not penalized for not adding jobs in any specific year and are allowed to maintain their membership in the program affording them the opportunity to take advantage of tax credit when they are positioned for job growth.

Mr. Langley asked Mrs. Flynn to help educate him on what the state is

doing to turn things around so that he could position the Urban League to better advocate for this much needed change.

Mrs. Flynn briefly outlined the RIEDC's business development strategy and offered to meet with Mr. Langley to provide him with a more comprehensive overview.

Mr. Caniglia asked questions about the chart containing information on certified businesses by year, particularly the 71 companies certified in 2008. He expressed concern that those 71 companies underrepresented the activity in the EZ program.

A general discussion ensued about what data should be capture and how it should be presented to those interested in how the program works, its impact and effectiveness.

Mr. Barros stated that it was his impression that Mr. Langley and Mr. Caniglia comments and questions were focused on the need to capture relevant data on all businesses that participate in the program, not just those that grew jobs and were certified for that job growth.

Mr. Spencer stated that he thought most people interested in the program were looking for a cost benefit type of analysis. What did the program do in relationship to new wages created and what did it cost the state to create those new wages (jobs)?

A general discussion ensued about measuring the economic impact of the jobs created by EZ businesses, new state tax revenue generated versus the cost in the form of tax credits and the role of ancillary benefits of a new job and other multipliers that impact the benefit side of the equation including whether a new hire was unemployment or on public assistance.

Mr. Wood asked if owner's wages are factored into the average wage calculations.

Mr. Barros stated that the wages represented in the chart entitled 2008 Average Wage of New Jobs by Zone are attributable to only wages associated with new jobs and not total wages of the business. In most cases the owner is not a new job except in the case of start-up business, where if the owner receives pay in the form of W2 reportable wages, then it would be including in the average wage figure for that company.

Mr. Varin asked if there was any other business to come before the Council.

Mr. Barros expressed his thoughts on the article published in the Providence Business News entitled 'Enterprise Zone Face Extinction'. He stated that he thought it was a good thing that the conversation about the program's proposed elimination was occurring in a public

forum as oppose to that of prior years when it was more clandestine.

A general discussion ensued about the merits of the article and the impact of the proposed elimination of the program on local economic development efforts.

Ms. Sherrill asked if there were any Federal ties to the state EZ designation? She added that she had noticed that other states have EZ programs, and was wondering are they all the same or was there some colliery?

Mr. Barros explained that there is no coloration or relationship between the state EZ program and any EC or EZ related program(s) on the federal level. He added that the city of Providence was designed as a Federal Enterprise Community but the designation expired in December of 2003, while the designation was in place there was a connectivity between that Federal program and the state's EZ program, where companies in the Federal program were automatically eligible for benefits under the state EZ program.

There being no other business to come before the Council, Mr. Varin asked for a motion to adjourn. Mr. Wood made the motion to adjourn. Mr. Caniglia seconded the motion. All voted in favor of adjournment and the meeting was adj

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In attendance:

COUNCIL AFFILIATION

D. Varin Vice Chairman

B. Parsons RIEDC

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M. Godin NEEDS, Inc.

W. Clark Town of Portsmouth

C. Spencer Town of Tiverton

J. Garrahy Moses & Afonso, LTD

L. Diboni City of Cranston

K. Cosentino City of Providence

B. Griffith Dept. of Administration

At 10:08 Mr. Varin called the meeting the Rhode Island Enterprise Zone Council to order and announced that there was a quorum present.

The first order of business before the Council was 2009 Recommendations for Membership.

Mr. Barros stated that there were eight (8) businesses being present for membership and that all eight (8) applications had been signed-off on at the local level and reviewed by staff; as a result, staff recommended approval of all eight (8) new EZ member businesses bring the year-to-date total to (15) new EZ member businesses for 2010.

Mr. Parsons made a motion to approve the 2009 recommendations for membership as presented. The motion was seconded by Mr. Caniglia.

Mr. Varin asked if there were any additional comments or questions.

Mr. Caniglia asked about the status of Hunt Yachts. He inquired as to whether it was a new, existing company or relocated company.

Mr. Clark stated that it was an existing company that moved to Portsmouth four years ago occupying the former Alden Yachts site. He added that he is half way through an annual survey he does with 44 marine trades companies in Portsmouth and the early results indicate a much more optimistic outlook than that of a year ago.

Mr. Caniglia asked is the industry still facing issue with finding skilled workers and still struggling with education community around their

curriculum.

Mr. Clark concurred with Mr. Caniglia assessment adding that the industry as a whole finds it challenging identifying workers with the right skill sets, including those in electronics and engine work.

There being no further discussion, all voted in favor and the motion was unanimously approved.

The next order of business before the Council was 2009 Recommendations for Certification.

Mr. Varin stated that a revised list of recommendations for certification was distributed prior to the start of the meeting. He added that all companies added to the report were highlighted in yellow by Mr. Barros. Mr. Barros stated that the revision included the addition of Natale & Sons Castings from the Cranston, Landscaping Services from the Mt. Hope and Cardi's Department Store from West Warwick. He added that staff recommended approval of all twenty-eight (28) businesses on the revised list bring the year-to-date total to thirty-six (36) businesses approved for 2009 tax certification resulting in one hundred and thirty-nine (139) new full-time jobs being created.

Mr. Varin asked for a motion to approve the 2009 recommendations for certification. Mr. Caniglia made the motion to approve the revised

2009 recommendations for certification . The motion was seconded by Mr. Parson Mr. Varin asked if there was any further discussion.

Mr. Parsons asked a question about Tupelo Realty. He asked how the new employees received compensation. He felt that real estate brokers were ineligible because they received their compensation in the form of commissions.

Mr. Barros stated that as long as a new hire worked a minimum of 30 hours per week and received some of their compensation in the form of W2 wages then they were considered a qualified enterprise zone job employee.

There being no further discussion, all voted in favor and the motion was unanimously approved.

Mr. Caniglia expressed his views on the importance of the information as it relates to EZ residents. He stated that those numbers represent another subtle message that doesn't get into the conversation about how the program is working, helping to employ people in the zone.

The next order of business before the Council was the Recommendations for 2009 Carry Forward Authorization

Mr. Barros stated that there were four (4) businesses being present for carry forward authorization and that all four (4) had met the

requirements: each had maintained their employment benchmark since the certification year for which carry forward was being sought and each had obtained letters of good standing from the appropriate governmental agencies. He added that staff recommended approval of all four (4) EZ member businesses for 2009 carry forward authorization.

Mr. Varin asked for a motion to approve the recommendation . Mr. Parsons made the motion, which seconded by Mr. Caniglia. Mr. Varin asked if there was any further discussion.

Mr. DiBoni asked if there was any concern about that the carry-forward issue that occurred last summer would resurfacing again. The issue being that companies circumventing the Council, applying the carry forward to their tax return with Council approval.

Mr. Barros responded by stating that the rules had been amended to reflect the requirement for Council authorization but that there was no way of knowing if some companies have skipped that step until their tax returns are bounced back by taxation.

There being no further questions, all voted in favor of the motion and the motion passed unanimously.

The next order of business before the Council was Other Business

Mr. Varin asked if there was any other business to come before the Council.

Mr. Barros mentioned that he and others involved with the EZ Program had spoken at length with the reporter from the ProJo who was in attendance at the last meeting and that he expected an article to be published shortly.

A brief discussed ensued focused on the reporter's line of questioning, method and motive for the anticipated article.

Mr. Varin asked if there was any other business, there being none, he asked for a motion to adjourn. Mr. Caniglia made the motion to adjourn. Mr. Parsons seconded the motion. All voted in favor of adjournment and the meeting was adjourned at 10:51 a.m.